Defense Transformation and the 2005 Quadrennial Defense Review

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At the end of the Cold War, America entered a new and unfamiliar global security environment. As the Department of Defense began to alter strategies and plans, it quickly became apparent that changes might have to be made across the defense establishment. This led in 1993 to the Bottom-Up Review, and, starting in 1997, to the Quadrennial Defense Review (QDR) process. As the Department of Defense enters its third QDR this year, it is important to understand how central the QDR has become to the work of the department—and how different this QDR is, compared to its predecessors.

With a yearly budget in excess of $400 billion, the Department of Defense is perhaps the largest single bureaucracy in the world. Sheer size, as well as vested interests and old ways of thinking, tend to give large bureaucracies an inertial resistance to change.

One of the tasks in the department this year is to ensure that the QDR can instead be an engine of continued transformation. The need to transform our military has elevated the role of the QDR from a tool of periodic refinement to a fulcrum of transition to a post-9/11 world. This article will explore what the QDR has become, how it is being processed, and what the Defense Department hopes it will achieve.

The Modern History of US Defense Transformations

It is rare in history for institutions at the height of their success to transform themselves in anticipation of new challenges, but the armed forces of the United States have done it before. Looking back at major defense transformations through our history, we can see that periods of concerted national effort to transform the military have tracked a cyclical pattern: New challenges lead the

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defense establishment to develop new strategies, which in turn leads to investments in capabilities appropriate to that strategy.

In the 1930s, faced with the rise of aggressively expansionist regimes in Japan and Europe, the United States needed to prepare for the possibility of a new kind of conflict, and on a huge scale. We devised a strategy of both mass and speed, one that emphasized destroying the enemy's industrial capacity as much as its forces in the field. Accordingly, the United States invested heavily in amphibious warfare, carrier-based air power, a strategic bombing force, and an industrial base to support mechanized warfare. In the nuclear age, faced with a global threat from the Soviet Union, we had to transform the military to integrate nuclear and conventional forces, dramatically increasing its power and scope to maintain a strategy of containment and the capability for massive retaliation. In the 1980s, America embarked on a series of competitive strategies meant to expose fissures in the military establishment and strategic posture of the Soviet Union, in the hopes—successfully as it turned out—of stressing them beyond their breaking point in their competition with the United States. In each of these cases, a new set of strategic problems led to new strategic thinking and then to sweeping transformation in the structure, posture, weapon systems, and tactical doctrines of our military.

Since 9/11, the Defense Department has gained sufficient insight into the new problem-set we face that the time is again ripe for new strategic thinking and for transforming the force. The QDR provides a unique lever with which to translate these insights into action.

When the Defense Department began its work under a new Administration nearly five years ago, President Bush charged it with preparing the military for the challenges of the 21st century. This was to be no easy task: if we knew anything about those challenges, it was that we didn't know enough about them. Because we can no longer make confident predictions about the specific threats we will face, we must be able to provide for national defense across a broad spectrum of threats. This has required a change in planning methodology, using new tools for thinking about developing needed capabilities. Four years of experience have confirmed the need for these changes, and have provided a better sense of the direction for the future.

The shock of 9/11 demonstrated how uncertain the world had become, and that day profoundly changed our perception of the immediacy and

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gravity of the risks we face. It also led to a global war on terror that began with a campaign in a faraway land—Afghanistan—for which we had no contingency plans. In Operation Enduring Freedom, we were able to develop and maintain a flexible plan of battle even as our forces were deploying into the field. The tactical operations they conducted—many of them novel—demonstrated a capacity for adaptation and innovation at every level that became the key to success for the operation as a whole. The flexible integration of Special Operations Forces into every aspect of our regular combat operations in Afghanistan holds particularly valuable lessons for the future.

A year later, in Operation Iraqi Freedom, we did have a contingency plan on the shelf—which we reworked numerous times, taking into account shifting political, strategic, operational, and tactical circumstances. Strategists were able to develop a highly adaptable and dynamic plan, with major changes effected up to the week of the operation. In the course of that campaign the entire department saw, perhaps more than ever, the value of jointness. We learned how small special operating forces can be leveraged to control large areas of territory. We began to exercise the leverage-value of network-centric warfare. In these and other areas, emerging tip-of-the-spear technologies, tactics, and concepts proved to be valuable force-multipliers. Like Enduring Freedom, Iraqi Freedom represented another milestone in the evolution of our military, replete with lessons for the future.

Under Secretary Rumsfeld's leadership, the senior leaders in the Defense Department have worked hard to absorb these lessons. In the Senior Leadership Review Group (SLRG),[1] the Secretary has formed a cohesive leadership team that works together week-in and week-out. Stability in this DOD enterprise-wide "corporate board of directors" over the years has been an important part of maintaining a productive and effective process. The SLRG balances bottom-up analysis with top-down senior leader insight to integrate their experience across a spectrum of far-flung defense activities. This integration at the top is critical for our ability to translate lessons learned into beneficial changes throughout the organization. It also will be critical to leveraging the work of the QDR into fundamental advances in transformation.

The 2005 QDR: Matching Process to Principles and Lessons Learned

The history of defense transformations, and the experience of previous QDRs, suggest a series of guiding principles for maximizing the transformational value of the 2005 QDR.

The first is to foster a free yet structured competition of ideas in the deliberations of the department. An important part of achieving that is to try to create a broad discussion within and among the different communities that

have interests and equities in the work of the department, including the various organs of our own government, foreign governments, and scholars at policy institutes and throughout the country. There is also an effort to reach out to the public and to industry leaders. All these communities have valuable ideas to contribute to an informed debate, and we will do what we can to absorb them into our thinking.

A crucial point of departure for us was to define the capabilities the nation needs without regard to how those capabilities should be resourced, or even whether they belong in DOD. To be sure, a key task of the QDR is to make sure that our strategies and capabilities are adequately resourced. Accordingly, as the QDR progresses, the department will recommend options for resourcing, including tradeoffs. We can overcome neither hard choices nor planning challenges simply by assuming that DOD's top line will continue to rise. The aftermath of 9/11 and the resulting Global War on Terrorism have obviously already led to a significant bill for the American taxpayer. A constrained top line requires us to take a balanced and realistic approach to risk management, and all the more so since we wouldn't be able to reduce the security risk to zero even with an infinite budget. We have to be able to manage the range of risks effectively across the spectrum of capabilities, balancing near-term operational and force-management demands with longer-term future capability and institutional opportunities.

Some have spoken of a "rolling QDR." The experience of past QDRs teaches us that many important decisions will have to be made outside the time frame of the formal QDR process. We enter the 2005 QDR with the benefits of a new *National Defense Strategy* and *National Military Strategy*[2] and a variety of studies and insights that have been developed over the past few years. These inputs influenced thinking and decisionmaking early in the process, and they will continue to be of value throughout the life of the QDR.

Other issues may not be ripe for decision in February 2006 when the QDR is transmitted to Congress, so it may be appropriate to develop work plans and decision roadmaps that would go on past the formal QDR process. In the past, major transformational efforts, such as the Global Defense Posture changes, were developed after the QDR process was finished. But the seeds were planted in the QDR. So rather than constrain everything in a single point in time, and try to encapsulate all the major decisions in a single program, it may be better to contemplate a review that extends beyond the time frame of the formal QDR, and which changes not just the thinking in the Pentagon but also the follow-on decisions throughout the defense establishment.

Another lesson learned is that the more formalized the structures that build up around the QDR, especially within individual stovepipes where programs are advocated, the more inertia and zero-sum resistance to change

sets in. Proponents for programs in specific stovepipes may become defensive. This can in turn cause certain aspects of the QDR to become a friction-filled process, making it difficult to move forward across a broad front.

Rather than a process where a lot of analysis is done and issues are channeled up their respective stovepipes for senior leaders to make decisions on, there has been a move to a more integrated, enterprise-wide review that benefits from the hands-on involvement of senior leadership throughout the process. One critical present asset is a leadership team at the top that is willing to lead and that has worked together for four years.

There is a need for the process to be as open and transparent as possible. We have worked hard to achieve a high degree of transparency, trying to ensure that the services, combatant commands, and the various components of the department are engaged at each step in the QDR.

Defining the "Terms of Reference" (the Secretary's guidance for the scope and conduct of the QDR) as carefully as possible was critical in putting the QDR on a proper vector. In defining the Terms of Reference, Secretary Rumsfeld encouraged his leadership team to think "outside the box." We strive to achieve that. Innovative answers spawn best from bold questions and a climate of leadership that embraces change.

We have found that in terms of the level of change we were looking for, the more focused the issues addressed in the QDR, the greater the chance of developing lasting and innovative approaches. There may be a desire to change a thousand things, but the QDR process and the multiplicity of demands on the senior leaders' time gives us the capacity to look only at finite numbers of proposed changes in-depth. Focusing on points of leverage to effect major changes is more valuable in the long run than getting lots of minor changes across the whole system.

Finally, moving the QDR final report from September 2005 to February 2006 allows for a more logical alignment of the QDR with the programming and budgeting process. This allows us to develop capabilities and guidance within the QDR, and then move quickly into the normal system for specific budget and programmatic decisions.

A Decade of Evolution in Strategy

The QDR has changed dramatically, not merely because experience offers valuable lessons, but even more because the importance of periodic review as a tool of transformation in our strategies and capabilities has grown exponentially since the end of the Cold War. Of course 9/11 made the imperative of transformation all the more urgent.

In 1993, the desire for a peace dividend after the collapse of the Soviet Union was a key motivation for the Bottom-Up Review. Carrying

with it some of the baggage of a Cold War mentality, the department focused basically on the two places where it might have to fight major theater wars (MTWs) against medium-sized powers. It made the capability to fight two such wars simultaneously our highest priority, assuming that lesser contingencies could be dealt with from the pool of its MTW capabilities, and that there was time enough to deal with the rise of any future strategic competitor.

That thinking still largely guided the department in the 1997 QDR, but it was informed by our experience in Somalia and Bosnia, and by what we saw in the horrors of the Rwandan genocide. We realized that we might need certain capabilities not relevant to the MTW context if we were to be prepared to deal with "lesser contingencies" that tended to manifest in unexpected places and in unexpected ways. The department embarked on an effort to focus much more on these lesser contingencies, an effort that it remains vitally engaged in to this day.

It is a tragic irony that when the current Administration undertook its first QDR in 2001, the deadline for submitting its report to Congress was early September. On 11 September itself, the QDR report was in final form. All the substantive work of the 2001 QDR, which took place in the months leading up to the attacks of that fateful day, was based on thinking that proved tragically prescient.

One salient aspect of that QDR was that, as a policy document, it began with a degree of humility. As Secretary Rumsfeld insisted from the first, the future is uncertain. We can't predict it. We have to be ready for asymmetric attacks, and we can't know how or where they will happen.

In the course of the 2001 QDR—even before 9/11—the department came to the conviction that even with limited resources, it had to have effective capabilities across a very broad spectrum. This in turn led to a richer force-planning construct than in the past. It was called "One-Four-Two-One," and calls for accomplishing several things:

- Defend the homeland. (One)
- Operate effectively in four strategic areas: Europe, Northeast Asia, the East Asian Littoral, and the Middle-East and Southwest Asia. (Four)
- Fight two major combat operations nearly simultaneously, and swiftly defeat[3] our adversaries in each theater. (Two)
- Win decisively[4] in one of the two major operations, at the direction of the President—including, if necessary, regime change. (One)

On the capabilities side, the 2001 QDR continued to increase the department's emphasis on lesser contingencies. But it also looked past the two-MTW scenario to the capabilities that we would need to handle asymmetric

threats posed by rising state competitors, such as information operations and ballistic or cruise missile attacks.

Going into the 2005 QDR, the department's focus on scenarios other than the two MTWs continues to increase. The reason is simple: As we saw in Operation Desert Storm and in the major combat phase of Operation Iraqi Freedom, the traditional major combat operation is what we do best. We are currently stronger than the foreseeable adversaries we would have to fight in this kind of war. But the situations that will require the use of our military in the future are not likely to be solely traditional. We still have much work ahead to be adequately postured across the full range of capabilities necessary to deal with an unpredictable variety of challenges.

In the past four years we have had to deal with a wide variety of "lesser contingencies," from post-conflict stability operations in Afghanistan and current counterinsurgency operations in Iraq, to emergency response situations in Liberia and Haiti. The Indian Ocean tsunami was a classic example of an unexpected lesser contingency. The relief operation we conducted through partner cooperation and an innovative use of our capabilities may have saved tens of thousands of lives in the weeks following the disaster. Those operations have demonstrated the need to build many kinds of unique capabilities into the lesser contingency end of the spectrum. In this sense, irregular operations have become a great concern, along with preventing and protecting against catastrophic contingencies.

At the other end of the spectrum, there is a need to train our sights on the horizon, preparing for the challenges that may arise from future strategic competitors. Even where competitors can challenge America head-on, the military conflicts of the future are not likely to consist of traditional state-on-state symmetric warfare. We have to invest in capabilities to deal with the unexpected and the asymmetric in those situations as well.

New Tools: Capabilities-Based Planning

To explore and fully exploit the department's capacity for change at all levels, we have worked hard to devise new ways of thinking about issues and problems. We have developed a valuable new set of transformational programs and conceptual tools and built them into the analytical process. These programs and concepts revolve around what we call "capabilities-based planning."

Prior to the advent of capabilities-based planning, our planning process focused on specific threats that seemed predefined and predetermined. During the Cold War, we faced a single predictable strategic adversary. This led us to develop a threat-based planning system, in which we could project the Soviet threat, where it was going to be in the future, and how we could posture ourselves to deal with it. Moreover, we could plan decades in advance, because

both their military capabilities and ours developed along linear and more or less stable tracks.

The essentially predictive and threat-based planning system used by the department during the latter half of the Cold War had been brought in by Secretary of Defense Robert McNamara after ten years of developmental work at the RAND Corporation. This same planning system, born in the 1950s, was still the basis of strategy, budgeting, and programming in 2001.

When he arrived at the Pentagon for his current stint, Secretary Rumsfeld recognized the need for change. He understood that the world of the 1950s was not the world we live in now. Uncertainty defines the strategic and operational environment today. We can't tell where the next threats will come from or when they will materialize. A planning system based on the prediction of specific threats can no longer adequately address the spectrum of feasible threats to our society. In order to be able to respond quickly to the unexpected, decisionmakers will need a broad range of options. While we no longer can predict specific threats—the what, when, or how—we have clear indications that our security will be challenged in the coming decades. So rather than focus on specific threats, we focus on capabilities.

In order to understand what is meant by "capabilities-based planning," it is first of all necessary to grasp what we mean by "capability." According to the department's working definition, "capability" is the ability to achieve desired operational effects under specified standards and conditions through combinations of means and ways to perform a set of tasks. For purposes of the QDR, a capability is not a platform or an asset. It's the ability to achieve a desired effect in the battle-space.

We achieve those effects according to given standards and under given conditions. Standards depend on a few basic factors:

- What are the scale aspects of the desired effect (size, intensity)?
- What are the temporal aspects of the desired effect (latency, duration, time-phased application)?
- What are the observability aspects of the desired effects (detection, attribution)?
- What are the spatial aspects of the desired effects (distance, area)?

To understand the conditions under which we will have to operate, we need to understand the operational environment. What environment are we going into? Is it an urban setting? What are the terrain, vegetation, or weather conditions? Are conditions permissive, or are there significant anti-access factors?

This is the basic terminology of the language we are developing to carry out the QDR. Notice that not a single weapon system has been mentioned. Our first task is to determine conceptually what capabilities we need: what we need to be able to do. We will then apply the normal decisionmaking process—

QDR Strategic Environment	
Irregular	**Catastrophic**
Non-state and state actors employing unconventional methods to counter stronger state opponents. (*erode* our power) Examples: terrorism, insurgency, civil war, and emerging concepts like "unrestricted warfare" *Likelihood*: very high; strategy of the weak	Terrorist or rogue state employment of WMD or methods producing WMD-like effects against American interests. (*paralyze* our power) Examples: attack on homeland, global markets, or key ally that would generate a state of shock and preclude normal behavior *Likelihood*: moderate and increasing
Traditional	**Disruptive**
States employing military forces in well-known forms of military competition and conflict. (*challenge* our power) Examples: conventional air, sea, and land forces, and nuclear forces of established nuclear powers *Likelihood*: currently decreasing due to historic capability-overmatch and expanding qualitative lead	Competitors employing technology or methods that might counter or cancel our current military advantages. (*capsize* our power) Examples: technological—bio, cyber, or space war, ultra-miniaturization, directed-energy, other—diplomatic blackmail, cultural or economic war *Likelihood*: low, but time works against the United States

Figure 1. Types of Challenges in the QDR Strategic Environment.

the planning, programming, budgeting, and execution within the Pentagon—to translate this capabilities guidance into decisions on specific issues.

Strategic Challenges in the 21st Century

The QDR aims to put in place a capabilities-based approach to a spectrum of challenges. Figure 1 has been used for discussion purposes rather than specific decisions, but it is helpful in understanding an important part of the vocabulary that we use in the QDR. Here we think about the kinds of challenges that make up the strategic environment for the 2005 QDR. The purposes of this concept-matrix are to have a frame of reference, to open up our intellectual aperture, and to be able to appreciate the spectrum of challenges facing us. In this matrix, we consider, along the vertical axis, different sorts of challenges according to their likelihood. Along the horizontal axis, we consider challenges according to our vulnerability to them.

The US military of today is the dominant world power when it comes to traditional challenges: state-on-state warfare with mass-on-mass conflict in a regularized battlespace—the classic competition of firepower and ma-

neuver. In the course of investing heavily in the capabilities to meet traditional challenges, and as successive generations of combatant commanders have absorbed lessons from the battlefield and honed their skills, we have become the preeminent asymmetrical player in this kind of warfare.

But without transformation this probably will not be true for many security challenges that will arise in a post-9/11 world, where nontraditional challenges will increase in frequency and importance. In those contexts, we currently don't have the same comfort level, and we don't have the same experience base. Different skill-sets and capabilities, and a much higher level of integration within the US government, with host governments, and with nongovernmental organizations, will be needed to deal effectively with many of these nontraditional challenges.

Weak states and non-state actors more commonly employ irregular methods, such as terrorism and insurgency, to challenge strong state opponents. Irregular challengers may take a long-term approach, seeking to impose high human, material, and political costs on the United States to influence its behavior. Examples of appropriate ways of responding to irregular challenges include stability operations, "winning hearts and minds," and giving the combatant commanders civic building resources rather than bullets to win the peace. Faced with irregular challenges, we think of military victory not in terms of security alone, or even principally, but also in such terms as essential services, rule of law, market-based economies, representative government, and civic capital.

We think of catastrophic attacks as those that instantaneously result in unacceptable levels of destruction to life and property. The attacks on 9/11 are the prime example. The threat of a ballistic missile attack, especially one employing WMD, is another. Catastrophic attacks, especially by terrorists, may seek to generate a state of shock to effectively paralyze our national power and our way of life. Given the potential harm of catastrophic threats, we concentrate on those capabilities that will dissuade others from acquiring catastrophic capabilities in the first place, deter their use if that fails, and destroy them before they can be used if necessary.

Finally, disruptive challenges are those that come from breakthrough technological advances and similar developments that upset a critical strategic balance. We need to understand the world that is taking shape around us, and we need to keep an eye on the future. For example, what if another nation had developed stealth technology? This would have put our nation at an unacceptable military disadvantage for the past two decades. So we ask ourselves: In what other areas do we need to look generations ahead in capability to make sure that we don't suddenly find ourselves at a threatening disadvantage? Examples include information technology,

extreme miniaturization in microelectro-mechanical systems, directed energy and genetically-engineered biological systems, and so forth. There's a range of areas where we need to ensure that we remain the best in the world. And here we rely more than anything on the research and development capabilities of the country as a whole—again, not exclusively or even principally a DOD function.

Rather than focus on one specific threat, capabilities-based planning asks whether we are structured to deal with unexpected events across this whole range of challenges, understanding that many situations will present us with one or more of them simultaneously. We have a force that was built for a traditional operational environment. A key question is: How can we adapt what we have now to be able to cover the other sorts of challenges?

Results of the QDR

The QDR final report will go to Congress with the budget submission in February 2006. It will have strategic planning guidance and will suggest a capabilities mix that will allow us to achieve our objectives.

The specific outputs that we expect to be associated with the QDR include an independent risk assessment by the Chairman of the Joint Chiefs of Staff, so that Congress can have the benefit of his military advice. There also may be follow-on execution roadmaps for any issues that are not ripe for decision when the QDR is released. Finally, the services will have their individual programs that they will develop from the QDR.

With the increasingly crucial role of the QDR, it has become more important to understand what it is and how it works. In essence, the QDR is the basic vehicle for our effort to move the Defense Department into the 21st century. The QDR will be vital for posturing our forces correctly to win the war on terror, while preparing for more distant challenges. It will lay the groundwork for the military of the future, so that wherever, whenever, and however the challenges of the 21st century arise, our armed forces will be ready.

NOTES

1. The SLRG includes the Secretary of Defense, Deputy Secretary of Defense, the Chairman and Vice-Chairman of the Joint Chiefs of Staff, the three service Secretaries, the four service Chiefs, and the five Undersecretaries of Defense.

2. The new *National Defense Strategy* and *National Military Strategy* were made public in March 2005, and are available, respectively, at http://www.defenselink.mil/news/Mar2005/d20050318nds1.pdf and http://www.defenselink.mil/news/Mar2005/d20050318nms.pdf.

3. As explained in the March 2005 *National Defense Strategy*, "swift defeat" entails achieving a circumscribed set of operational or strategic objectives, and contemplates a range of military activities from stability operations to major combat.

4. By "win decisively" we mean the complete achievement of a fundamental strategic objective with enduring results.